

Testimony of Wythe Willey

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Representing the Views of the

**American Sheep Institute
National Cattlemen's Beef Association
National Chicken Council
National Milk Producers Federation
National Pork Producers Council
National Turkey Federation
United Egg Producers**

Before the

**Committee on Agriculture
Subcommittee on Conservation, Credit, Rural Development and Research
U.S. House of Representatives**

Concerning:

The Conservation Title of the 2002 Farm Bill

**May 23, 2001
Washington, D.C.**

Mr. Chairman:

Good afternoon, Mr. Chairman. I am Wythe Willey, and I am a rancher and resident of Cedar Rapids, Iowa. I am President Elect of the National Cattlemen's Beef Association and am here today to provide testimony on behalf of cattle, dairy, swine, sheep, and poultry (broilers, layers and turkeys) – collectively referred to as “livestock” in this testimony. We are very grateful for this opportunity to provide you with our views on the conservation provisions of the 2002 farm bill. We cannot stress enough just how important it is that this bill include a strong, effective and well-funded conservation title, and we welcome your and Chairman Combest's commitment to this objective.

We know the members of this Committee understand better than anyone, Mr. Chairman, the significant economic contribution that livestock producers make to the U.S. agricultural sector. Livestock receipts, projected to reach \$100 billion this year, consistently average 50% or more of total agricultural receipts. We are the single biggest customers for U.S. feed crops producers, and our single largest expense, by far, is the feed we purchase for our animals. Without a doubt, livestock agriculture is the engine behind value added agriculture.

But livestock agriculture is also similarly important to the management of our nation's agricultural lands. According to USDA, in 2000, grassland pasture and range was the single largest land use in the country, accounting for 578 million acres, or 31 percent of the major land uses in the lower 48 states. Livestock operators also manage a substantial portion of the more than 300 million acres of land used for cropland. These statistics alone provide ample justification for a major and substantial federal investment in helping conserve the lands owned and operated by livestock and poultry producers. Yet the investment being made by USDA in helping these producers conserve and manage these lands has consistently declined since the passage of the 1985 Food Security Act.

It is critical that the 2002 farm bill make a major, new commitment to providing livestock producers with conservation cost share and incentive payments assistance in the context of voluntary, incentive-based programs. Live stock producers in several states face, or will soon face, costly environmental regulations as a result of state or federal law designed to protect water quality. The federal regulations under the Clean Water Act include the Total Maximum Daily Load Program (TMDL's), and the proposed new Concentrated Animal Feeding Operations (CAFO's) permit requirements. Federal regulators also are exploring the possibility of expanding federal regulation of agriculture under the Clean Air Act. At the same time, state legislatures or agencies around the country have enacted or are considering stringent environmental requirements that are to be applied to livestock producers, and in some cases, all of agriculture. Such states include, Alabama, California, Iowa, Maryland, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Texas, Washington, Wisconsin, and others.

The commitment to financial assistance that is needed in the 2002 farm bill has to be matched by a similar commitment to an ample supply of public and private technical assistance. The 2002 farm bill must reverse the trend that started with the 1985 Food

Security Act, and restore technical assistance to at least pre-1985 levels. This must be done if we are to keep economically viable producers on the land, be able to conserve our natural resources for future generations and provide the environmental benefits being demanded from American agriculture by the public.

Although you are not addressing today research issues or the research title of the 2002 farm bill, we also want to point out that there is an ongoing need for new and innovative research in the conservation arena to support the objectives laid out above. We will be happy to provide you with specific suggestions for conservation research priorities when the Committee discusses the research title of the farm bill.

Summary of Our Positions

We have several specific suggestions and requests for provisions to be included in the 2002 conservation title. Our testimony today goes into these items in some detail. The major highlights of what we suggest are summarized below:

1. More than \$12.2 billion is needed to address the projected 10-year costs of federal, state and local mandatory manure management, water and air quality protection requirements. The structural elements of these costs are projected to be \$9.8 billion (including the preparation of comprehensive nutrient management plans), and the ongoing 10-year management costs are projected to be \$2.4 billion.
 - Producers must be eligible for this assistance regardless of the size of their operations. A payment limitation system comparable to that used in row crops should be adopted.
 - These needs are national priorities that must be met with the funds made available for this purpose, irrespective of other priorities that might exist for the program.
 - Explicit provisions must be enacted that structure and support the joint effort of federal and non-federal technical assistance providers that will be needed to support this work. A voucher system should be developed to support the non-federal technical assistance providers' role.
2. The objectives in 1 above could be met through substantial amendments to the existing Environmental Quality Incentives Program (EQIP), or in an entirely new program.
 - If carried out through EQIP, EQIP must be amended to focus exclusively on soil, water and air quality issues.
 - The current wildlife objectives supported by EQIP should be moved to the existing Wildlife Habitat Incentives Program (WHIP), making WHIP the wildlife program for working agricultural lands.
3. Producers' costs and technical assistance needs for the ongoing maintenance of the manure management systems must also be funded.
 - This could be done in EQIP or through some other incentive payments program.

- These provisions should also work for and support the needs of row crop producers.
 - An incentive payments program will work only if the payments are tied to real costs, according to conservation plans that are accountable and where producers will have ownership of the practices by also incurring cash or in-kind costs to implement them.
 - The program must ensure that producers be compensated fairly relative to producers across county, state and regional lines for the work and activities undertaken with the incentive payments.
4. The Conservation Reserve Program (CRP) should be amended to make it a priority to keep working lands working. When an entire farm field is enrolled into the CRP, agricultural use of the field is lost for the term of the contract.
- This means that emphasis must be placed on enrolling buffers and portions of field.
 - The number of whole fields enrolled in the CRP program should be substantially limited.

Justification for the Needed Financial and Technical Assistance

Current water quality expectations for the livestock industry will cost swine, fed cattle, dairy and poultry operators with operations of more than 50 animal units at least \$12.2 billion over 10 years. The livestock industry has estimated these costs and Table One below summarizes the results. Our staff is available to meet with Committee to review these estimates in detail. Staff considered the costs associated with both structural and agronomic measures and the associated technical assistance. The analysis also includes an estimate of the costs operators will face as they seek additional land for the application of their manures. The analysis uses estimates of capital costs for such work, as used recently by USDA, current public and private programs that are carrying out such activities, and published USDA estimates of the number of livestock and poultry operations of various sizes subject to these provisions.

The upfront costs in Table One total approximately \$9.8 billion, and include the costs associated with CNMP preparation, the financial and technical assistance costs of designing and constructing or upgrading manure management systems, and the initial costs of simply locating persons with land that are willing to accept excess manure. The on-going management costs total approximately \$2.4 billion, and include the financial and technical assistance costs of ensuring that manures are applied according to sound agronomic and conservation practices.

In comparison, EPA has estimated the costs of its proposed CAFO regulations for operations with more than 300 animal units at \$930 million a year. EPA has underestimated the true costs to these livestock and poultry operators because, by OMB scorekeeping rules, they assumed that all of these operations are already in full compliance with current federal CAFO standards and requirements. We also believe that EPA has underestimated the true costs that operations between 300 and 1000 animal units will face to ensure they are not exposed to significant Clean Water Act liability.

This analysis does not represent the full costs of meeting EPA's recently proposed CAFO regulation. It does not include the regulation's proposal for covering all swine lagoons and poultry manure, nor does it include the costs of lining lagoons and pits in areas that could leak to groundwater that are in turn connected to surface waters. It also does not include the costs of hauling excess manure for application to the additional land necessary to meet a phosphorous standard (although we have estimated the costs of finding the land that could be used for this purpose).

Table 1, 10 Year Costs, By Category and Species for operations with more than 50 animal units (in million dollars)

	Fed Cattle	Dairy Cattle	Other Cattle	Swine	Poultry	Total
Structural Measures	\$346	\$3,492	\$1,321	\$1,402	\$813	\$7,375
Structural Measures, Technical Assistance	\$87	\$873	\$330	\$351	\$203	\$1,844
CNMP Preparation	\$42	\$221	\$142	\$104	\$84	\$593
Ongoing Nutrient Mgmt, Soil and Manure Tests, etc.	\$254	\$297	\$97	\$306	\$505	\$1,459
Ongoing Nutrient Mgmt, Tech Assistance	\$169	\$172	\$58	\$184	\$301	\$884
Securing Additional Land for Spreading Manure	\$8	\$2	\$0	\$3	\$33	\$46
Total Cost	\$906	\$5,057	\$1,948	\$2,350	\$1,939	\$12,200

Programmatic Requirements

As stated above, delivery of the needed financial and technical assistance to livestock producers could be met through substantial amendments to EQIP, or carried out by an entirely new program. What follows are the amendments to EQIP that we believe are needed to meet our stated objectives. But many of these amendments collectively could constitute the key elements of a new program, if that were the route selected by the Committee.

1. We believe that EQIP payments should be available to all livestock producers, regardless of size, and total payments should be limited in a manner comparable to that for row crop producers under federal income support programs.
 - The current program does not make EQIP assistance available for the structural components of livestock waste management systems for large livestock operations, defined in most states to be those with more than 1,000 animal units.
 - Excluding large livestock operations from structural assistance ensures that EQIP will never be able to attain its water quality and environmental objectives. This exclusion is entirely inconsistent with a program designed to improve agriculture's environmental performance.
 - In addition, this exclusion discriminates against livestock producers relative to their counterparts in row crop agriculture and the general wastewater treatment community. Federal farm program benefits are made available to row crop producers without reference to their size. These programs simply limit the total level of payments that row crop producers are eligible to receive.
 - Federal clean water programs have historically provided large wastewater facilities with a broad range of generous grants and support in order to help ensure that they can meet the nation's water quality objectives.
 - Livestock operations should receive treatment similar to that given to row crop operations under federal income support programs.
2. EQIP should be explicitly amended to direct the Secretary to allocate EQIP dollars to livestock producers for the purpose of helping them meet federal, state and local mandatory manure management and water and air quality protection requirements. Helping producers build, plan and operate manure management systems are of such national priority that they should be eligible for funding without going through the state and local priority setting and bidding process.
3. Water and air quality protection should be made the sole purpose of EQIP. The wildlife functions should be moved to WHIP.
4. The program should provide the proper assurances that EQIP will result in the highest value possible for the tax dollars spent. But the priority setting approaches must be flexible and allow the Secretary to address all of agriculture's top conservation needs. Some priorities will be best addressed through the adoption of certain conservation practices over a large area of a state or the country. Many of these needs will not be defined by a geographic scope like a 14 digit watershed. In other situations, producers in a defined geographic area like a watershed will be in need of priority attention. EQIP must be amended to ensure that it can address all of these situations.
 - For example, an EQIP National Advisory Committee that includes mainstream livestock producers could be established to help the agency decide on national EQIP priorities, both non-geographic and geographic in scope. Allocations of funds to states could be made on the basis of these priorities, and the states would have to allocate the monies within the state according to those priorities. At the state level the Technical Committees would go through its process for implementing the program, given these national

priorities, and the local work groups could continue to rank and select bids at the local level.

5. EQIP should provide for contracts involving single practices or multiple practices, and contracts that range in length from 1 to 10 years as appropriate to the conservation issue that needs to be addressed. Existing law provides for 5-10 year contracts.
6. The EQIP application process must be streamlined, and coordinated with the conservation planning process to minimize administrative burden and duplication and avoid funds being diverted from producers to administrative activities.
7. CCC statutory authority currently requires that EQIP payments to a producer cannot begin until the year after a contract is signed. This provision needs to be changed to permit payments to producers in the year a contract is signed.
8. EQIP must be amended to ensure that funds will be provided for:
 - Helping producers improve and computerize their farm decision support data and record-keeping systems;
 - Helping producers plan and implement agricultural BMPs designed to improve air quality.
9. Amendments are needed to ensure that producers will be able to get the technical assistance they need to successfully participate in the program.
 - In addition to ensuring that there USDA-based technical assistance is funded, producers must be able to access and use private sector or non-federal conservation technical assistance from “certified” providers like Certified Crop Advisors, Independent Crop Consultants, conservation district professionals and other qualified persons.
 - A voucher system or some similar system should be established so producers can secure this non-federal EQIP planning assistance.
 - The program should in no way impede producers who want to use their own funds to purchase “certified” planning assistance, and the funds producers use for that purpose should apply to their cost share contribution.
 - These non-federal technical assistance provisions must be addressed in detail as part of the formal EQIP rulemaking.
10. EQIP must provide for or be supported by a USDA-based program to give producers vouchers to purchase, from private sector organizations that know and understand agriculture, a certified third party assessment of environmental performance. Again, this must be part of the EQIP formal rulemaking.
11. EQIP must provide the appropriate confidentiality to protect producers’ EQIP records.
12. EQIP should maintain current authority to provide funding to all producers including crops, livestock, fruits and vegetables. It should continue to provide 50 percent of funding to livestock and 50 percent to crops.